

Message Text

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PAGE 01 EC BRU 00610 211850Z

22

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 FEA-01 OES-03

INT-05 PA-01 PRS-01 USIA-06 ACDA-05 NRC-05 IO-11

NEA-10 OPIC-03 /108 W

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R 211729Z JAN 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 347

INFO ALL EC CAPITALS 1573

AMEMBASSY ANKARA

AMEMBASSY BERN

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

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E.O. 11652: NA

TAGS: EEC ENRG EI OECD

SUBJECT: IEA LONG TERM COOPERATION AGREEMENT: EC COMMISSION
VIEWS

REFS: (A) STATE 13806, (B) EC BRUSSELS 491

1. SUMMARY: EC COMMISSION SOURCES ARE DOUBTFUL ABOUT THE
WILLINGNESS OF THE EIGHT EC IEA MEMBERS TO GO BEYOND THEIR
AD REFERENDUM APPROVAL OF THE IEA LONG TERM COOPERATION
AGREEMENT AT THE GOVERNING BOARD MEETING JANUARY 29-30.

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PAGE 02 EC BRU 00610 211850Z

ONE VIEW IS THAT THE CANADIAN RESERVATION ON ACCESS WILL

BE THE CRITICAL PROBLEM AND EVEN IF THE CANADIAN PROBLEM WAS SUCCESSFULLY RESOLVED THE EIGHT REPS AT IEA WOULD STILL HAVE TO BRING THE RESULTS BACK FOR FINAL GOVERNEMENT APPROVAL. OTHERS BELIEVE THAT EVEN WITHOUT A CANADIAN PROBLEM SOME OF THE EIGHT WOULD HOLD BACK UNTIL THE EC COUNCIL COULD DEBATE THE COMMISSIONS' "MADE IN THE EC" MSP PROPOSAL PRIOR TO TAKING A DEFINITIVE MSP COMMITMENT IN THE IEA CONTEXT. END SUMMARY.

2. COMMISSION DIRECTOR GENERAL FOR ENERGY WILLIAMS TOLD THE DCM ON JANUARY 20 THAT HE CONSIDERS CANADA'S POSITION ON THE IEA LONG TERM COOPERATION AGREEMENT (LTCA) TO BE THE MAJOR BLOCK TO FINAL ACCEPTANCE OF THE LTCA BY AT LEAST SOME OF THE EIGHT COMMUNITY IEA MEMBERS AT THE GOVERNING BOARD MEETING ON JANUARY 29-30. HE BELIEVES THE MSP ISSUE HAS BEEN DEFUSED AS AN INTRA-EC PROBLEM. THE FRENCH ARE NO LONGER QUESTIONING THE PRINCIPLE AND THE DEBATE HAS CHANGED TO THE PROCEDURES BY WHICH THE EC WOULD IMPLEMENT IT. (INTERESTINGLY, SOME MEMBER STATES ARE REPORTEDLY RESISTING THE IDEA OF USING A VARIABLE LEVY FOR THIS PURPOSE). HE BELIEVES THAT IMPLEMENTATION PROCEDURES WILL BECOME THE FOCUS OF DEBATE AT THE FEBRUARY EC ENERGY COUNCIL. UNDER THESE CIRCUMSTANCES WILLIAMS BELIEVES THE EIGHT COULD APPROVE THE LTCA, INCLUDING THE MSP PORTION, AT THE JANUARY 29-30 MEETING, WITHOUT OFFENDING THE FRENCH, IF MSP WERE THE ONLY ISSUE.

3. THE CANADIAN QUESTION IS ANOTHER MATTER. WILLIAMS IS GUARDEDLY OPTIMISTIC THAT SOME FORMULA WILL BE WORKED OUT, BUT HE DOES NOT KNOW WHAT FORM IT WILL TAKE. IN ANY EVENT HE DOES NOT BELIEVE IT WILL HAVE BEEN DONE ENOUGH IN ADVANCE TO PERMIT THE EIGHT TO REMOVE THE AD REFERENDUM ASPECT OF THEIR ACCEPTANCE OF THE LTCA AT THE GOVERNING BOARD MEETING.

4. REPORTEDLY ON THE JANUARY 20 COUNCIL OF FOREIGN MINISTERS MEETING SOAMES' CHEF DE CABINET HANNAY TOLD CANADIAN AMBASSADOR TO THE EC CADIEUX THAT SOME LIMITED OFFICIAL USE

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PAGE 03 EC BRU 00610 211850Z

WORDING WOULD HAVE TO BE FOUND IN THE CONTEXT OF THE IEA LTCA TO ALLOW THE MANDATE FOR THE EC CANADIAN NEGOTIATIONS TO PROCEED THROUGH THE COUNCIL. CADIEUX REPLIED THAT IT WOULD BE DIFFICULT TO FIND SUCH A FORMULA BECAUSE THE CURRENT CANADIAN POSITION WAS BASED ON A MINISTERIAL DECISION AND CANADIAN MINISTERS HAD ALREADY TWICE EXAMINED THIS ISSUE. HANNAY SAID THE EC EXPECTED THE CANADIANS TO WORK

WITH DAVIGNON AND TO FIND ACCEPTABLE WORDING. IN OTHER WORDS, THE IEA LTCA CHAPTER V AND THE EC MANDATE PROBLESM ARE NOW LINKED.

5. SOME OTHERS AT THE COMMISSION DO NOT SHARE WILLIAMS' VIEW THAT THE EIGHT COULD REMOVE THEIR AD REFERENDUM CAVEAT IF THE CANADIAN PROBLEM WERE SOLVED. GALLAGHER, EC COMMISSION EPUTY DIRECTOR GENERAL FOR EXTERNAL RELTIONS AND FORMER IRISH DEPUTY SECRETARY FOR FOREIGN AFFAIRS, TOLD THE DCM ON JANUARY 19 THAT IF HE WERE STILL IN THE IRISH FOREIGN OFFICE HE WOULD RECOMMEND HIS GOVERNMENT NOT DEFINITELY ACCEPT THE LTCA AT THAT MEETING BUT FIND SOME PRETEXT OR OTHER TO POSTPONE THE DECISION. HE BELIEVES IT IS IMPORTANT TO ALLOW THE EC COUNCIL TO DEBATE THE PURELY COMMUNITY MSP SCHEME INCLUDING THE \$7 LEVEL AND THE QUESTUION OF THE MECHANISM TO IM- PLEMENT IT PRIOR TO FINAL ACCEPTANCE BY THE EIGHT COMMUNITY MEMBERS IN THE IEA. THE FRENCH, HE BE- LIEVES, SHOULD AGREE TO THE MSP PRIC IPL AND THE \$7 LEVEL BEFORE THE EIGHT REACH A DEFINITIVE IEA AGREEMENT. HE EMPHASIZED THESE WERE THE VIES HE WOULD ADVOCATE IF HE WERE STILL IN DUBLIN; HE WAS NOT SPEAKING AS A COMMISSION OFFICIAL, NOR DID HE KNWO WHAT THE IRISH GOVERNMENT POSITION WOULD BE.

6. CASPARI, ANOTHER COMMISSION DEPUTY DIRECTOR FOR FOREIGN AFFAIRS, AGREED THE EIGHT SHOULD PUT OFF THE DECISION, ARGUING THAT IT WOULD BE IMPOLITIC FOR THEM TO DEFINITELY ACCEPT THE MSP AT THIS GOVERNING BOARD MEETING.

7. SHOTTON, THE ENERGY MAN IN COMMISSION VICE PRESI- LIMITED OFFICIAL USE

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PAGE 04 EC BRU 00610 211850Z

DENT SIMONET'S CABINET, ALSO AGREES. EVEN IN THE ABSENCE OF THE CANADIAN PROBLEM HE BELIEVES IT WOULD BE AWKWARD TO THE EIGHT TO MAKE A FINAL COMMITMENT TO THE LTCA BECAUSE OF ITS MSP ELEMENT. IF THE EIGHT AGREED TO THE MSP IN THE LTCA, ITS IMPLEMENTATION, HOWEVE, UNLIKELY, COULD PUT THE EIGHT IN VIOLATION OF THE TREATY IN THE ABSENCE OF AGREEMENT AMONG ALL OF THE NINE. EVEN THOUGH THE FRENCH APPEAR TO HAVE ACCEPTED THE MSP PRINCIPLE, THE WHOLE QUESTION OF HOW IT WILL BE IMPLEMENTED IS STILL UNRESOLVED. GREENWALD.

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